

MINUTES¹

FOURTH REGULAR QUARTERLY MEETING OF THE BOARD OF DIRECTORS OF THE COLORADO RIVER WATER PROJECTS ENTERPRISE OF THE COLORADO RIVER WATER CONSERVATION DISTRICT

October 21 - 22, 2003

Pursuant to notice duly and properly given, the Fourth Regular Quarterly Meeting of the Board of Directors of the Colorado River Water Projects Enterprise (Enterprise) of the Colorado River Water Conservation District (CRWCD) was held on Tuesday and Wednesday, October 21 - 22, 2003 at the Hotel Colorado, 526 Pine Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

Paul Ohri, President	Stephen M. Mathis, Vice President
Warner Dewey	Peter A. Kasper
T. Wright Dickinson	Thomas A. Long
Thomas S. Dunlop	Thomas C. Stone
Bill Ferguson	David H. Smith
Kathryn H. Hall	William S. Trampe
J. Richard Hunt	

Directors not present:

Wade Collins	Thomas R. Sharp
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Others participating during all or part of the meeting:

Eric Kuhn, Secretary/General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Dan Birch, Project Development Manager, CRWCD
Laura Hines, Business Manager, CRWCD
David Merritt, Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Laurie DePaolo, Administrative Assistant, CRWCD
Cheryl Dunlap, Senior Accountant, CRWCD
David Kanzer, Senior Water Resources Engineer, CRWCD
Kirstin McMillan, Staff Attorney, CRWCD
Don Meyer, Water Resources Engineer, CRWCD
Martha Moore, Administrative Assistant, CRWCD
Jim Pearce, Senior Water Resources Engineer, CRWCD
Rob Streit, Senior Accountant, CRWCD
Jennifer Sutherland, Records/Information Specialist, CRWCD
Ray Tenney, Senior Water Resources Engineer, CRWCD

¹ A complete record of the meeting has been made on audio cassette tapes. The tapes and the associated staff memoranda are the only complete record of the meeting. These written summaries are intended to record decisions or actions taken by the Board and as an aid to research and a guide to the tapes. The motions described herein may not necessarily represent a verbatim transcription. The tapes are available for listening at the CRWCD during regular office hours. Arrangements may be made to make copies of the tapes or written transcripts of specific agenda items at the requestor's expense. Notes from the meeting may also be reviewed at the CRWCD offices during regular office hours.

Laura Behrends, CRWCD Lobbyist
Michael Brod, Colorado Water Resources and Power Development Authority
Mike McKibbin, Daily Sentinel
James Newberry, Grand County Commissioner
Robert Spears, Friends of the Colorado River District Committee
Noble Underbrink, Northern Colorado Water Conservancy District
Danny Williams, CRWCD Lobbyist

Tuesday, October 21, 2003

Quorum.

President Ohri found a quorum and called the meeting to order at 8:30 a.m.

Approval of Wolford Mountain Project Refinancing Resolution, Loan Agreement and Related Documents.

Peter Fleming reported on the issues associated with obtaining a Colorado Water Resources and Power Development Authority (CWR-PDA) loan in order to “refinance” the Wolford Mountain Project loan with Colorado Water Conservation Board (CWCB). Michael Brod, with the CWR-PDA, updated the Board on the obstacles which surfaced during the preliminary refinancing process of the Wolford Mountain Project loan.

President Ohri found a consensus that the River District should not proceed with obtaining the CWR-PDA loan and recessed the meeting at 8:43 a.m.

Wednesday, October 22, 2003

Quorum.

President Ohri found a quorum and called the meeting to order at 10:00 a.m.

Review and Approval of Agenda and Meeting Objectives.

Peter Fleming’s recommendation to add Summit County Augmentation Exchanges/Denver Payback as agenda item 8.b.iv. was accepted.

Approval of Minutes and Actions Taken.

Director Trampe moved, seconded by Director Ferguson, to approve the minutes and actions taken of the Third Regular Quarterly Meeting, July 16, 2003. Motion carried unanimously.

Director Trampe moved, seconded by Director Kasper, to approve the minutes and actions taken of the Special Joint Meeting, Telephone Conference, August 6, 2003. Motion carried unanimously.

Director Trampe moved, seconded by Directors Dewey and Kasper, to approve the minutes and actions taken of the Special Joint Meeting, September 11, 2003. Motion carried unanimously.

Projects Status.

Wolford Mountain Reservoir:

Dave Merritt reported that although Wolford Mountain Reservoir is currently storing nearly 30,000 acre feet, which is about 27,000 acre feet more than this time last year, continuing low storage in Wolford prompted the Recovery Program to not utilize any of their pool this year.

Eagle Park Reservoir:

Dave Merritt noted that in 2003 exchange repayment to Homestake Reservoir was made from Wolford and Green Mountain Reservoirs in the amount of 926 acre feet. In addition, no water currently is available for future contract requests made to the River District for Eagle River water supplies.

Ruedi Reservoir:

Dave Merritt reported that the contract application documents have been received from the Bureau of Reclamation for additional Ruedi Reservoir water. This water will assist the River District in addressing much of the demands projected for the middle Colorado River Basin over the next 20 years, as well as providing more flexibility for responding to future droughts.

Projects Under Development.

Wolford Hydro Project:

Jim Pearce directed the Board's attention to his October 9, 2003 memo which provided an update on the Wolford Mountain Reservoir hydropower project.

Wolford Yield Enhancement Project:

Jim Pearce reported that the feasibility study on yield enhancement for Wolford Mountain Reservoir is on-going and that increasing the spillway by two to three feet may be the most viable method of increasing the firm yield.

Eagle River Water Supply Development:

Director Long moved, seconded by Director Mathis, to ratify the October 21, 2003 recommendation by the Board of Directors of the Colorado River Water Conservation District to contribute \$25,000.00 toward a feasibility study of a new reservoir near Wolcott, Colorado. Motion carried unanimously.

North Fork of the Gunnison River:

Dave Kanzer noted that his October 10, 2003 memo outlines, in part, the current hydrological conditions in the North Fork of the Gunnison River. In addition, Mr. Kanzer provided an update on the proposed cooperative agreements between two water conservancy districts and the River District for the development of firm long-term water supplies in the North Fork of the Gunnison Basin.

Approval of Cooperative Agreement with Grand Mesa Water Conservancy District:

Director Kasper moved, seconded by Director Mathis, to authorize the expenditure of up to \$10,000.00 for a Cooperative Agreement between the Enterprise and the Grand Mesa Water Conservancy District for the completion of the engineering work required to rehabilitate the dam at Last Chance Reservoir. Motion carried unanimously.

Elkhead Reservoir Enlargement Project Update:

Dan Birch provided an update on the status of negotiations on several project agreements involving the Recovery Program, the Bureau of Reclamation, and the CWCB.

Director Dickinson moved, seconded by Director Trampe, to approve an extension of the URS contract for engineering design work on Elkhead Reservoir through April 2004. Motion carried unanimously.

Budget Hearing.

President Ohri commenced the formal Budget Hearing at 10:45 a.m.

Resolution for 2003 Enterprise Fund Budget Amendments.

Director Mathis moved, seconded by Director Trampe, to adopt the resolution summarizing expenditures and revenues for the Colorado River Water Projects Enterprise and adopting an amended budget for the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise for the calendar year beginning on the first day of January 2003 and ending on the last day of December 2003 in the amount of \$28,021,663.00. Motion carried unanimously. (The Resolution is attached as Appendix A.)

Resolution to Adopt 2004 Enterprise Fund Budget.

Director Mathis moved, seconded by Director Kasper, to adopt the resolution summarizing expenditures and revenues for the Colorado River Water Projects Enterprise and adopting a budget for the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise for the calendar year beginning on the first day of January 2004 and ending on the last day of December 2004 in the amount of \$27,250,169.00. Motion carried unanimously. (The Resolution is attached as Appendix B.)

Resolution to Appropriate Sums of Money.

Director Dickinson moved, seconded by Director Stone, to adopt the resolution appropriating sums of money to the Colorado River Water Projects Enterprise Fund of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise in the amount of \$27,250,169.00 and its purpose as set forth in the 2004 Budget Year. Motion carried unanimously. (The Resolution is attached as Appendix C.)

Treasurer's Report.

Director Ferguson moved, seconded by Directors Stone and Trampe, to accept the Treasurer's Report for the Third Quarter of 2003. Motion carried unanimously.

General Counsel's Report.

Peter Fleming reported that the following matters qualify for discussion in executive session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and 4(e)(negotiations):

- i. Tri-State Generation and Transmission Association, Case No. 02CW314, Water Div. 5.
- ii. Elkhead Reservoir Enlargement Negotiations.
- iii. Eagle River Water Development Negotiations.

Director Mathis moved, seconded by Director Dickinson, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and 4(e)(negotiations) to discuss pending litigation cases and

negotiations. Motion carried unanimously.

Summary of Executive Session:

Peter Fleming reported that the Board discussed the following matters in Executive Session:

- i. Elkhead Reservoir Enlargement Issues
- ii. Tri-State Gas and Transmission Co., Case No. 02CW314.
- iii. Eagle River Water Development Negotiations.

The Board discussions of the above issues constituted privileged attorney-client communications and therefore were not tape-recorded.

Ratification of Stipulation in 4 Eagle Ranch Application, Case No. 01CW371, Water Division 5:

Director Long moved, seconded by Director Mathis for the Ratification of Stipulation in 4 Eagle Ranch Application, Case No. 01CW371, Water Division 5. Motion carried unanimously.

In-Basin Water Marketing Contracts That Facilitate Out-of-Basin Diversions:

Director Ferguson moved, seconded by Director Dickinson, to approve the staff recommendation that contract's for in-basin use that are intended to facilitate an out-of-basin diversion are (1) not favored by the River District; and (2) should be treated as out-of-basin contract requests that are subject to specific Board approval. The motion also noted that the Board needs to have more discussion on related issues at a future board meeting. Motion carried unanimously.

Summit County Augmentation Exchanges/Denver Payback:

Eric Kuhn reported on the status of Summit County's pending application for an augmentation plan. Denver Water is one remaining objector. An issue outstanding is to resolve the use of Middle Park's Wolford Mountain Reservoir water as repayment water to Denver. Summit County has requested 330 acre feet of Wolford water from Middle Park.

The River District maintains that during the project's permitting, Denver Water committed to not use Wolford water for exchanges, except in emergencies. However, this is repayment water and the ultimate beneficiary of use of the Wolford water is Summit County, not Denver. Mr. Kuhn stated that the River District staff wanted to make sure Grand County understood the issue and was in agreement with the proposed use of Wolford water in the augmentation plan.

The consensus of the Board was to meet with Grand County and work out an arrangement (if acceptable to Denver and Summit County) where the repayment exchange was limited to the Blue River.

Consent Agenda:

- i. **Approval of Yampa Participants Agreement.**
- ii. **Ratification of Diligence Application for Wolford Mountain Reservoir Enlargement, Case No. 03CW192, Water Division 5.**
- iii. **Approval of Grand County Sheriff's Contract Renewal.**

Director Ferguson moved, seconded by Director Dickinson to approve the items on the consent agenda. Motion carried unanimously.

Adjourn.

There being no further business before the Board, President Ohri adjourned the meeting at 2:25 p.m.

Stephen M. Mathis, President

Attest:

R. Eric Kuhn, Secretary/General Manager

Executive Session Attestations.

I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.

Peter Fleming, General Counsel

I hereby attest that the portions of the Executive Session that were not recorded was confined to the topics authorized for discussion in Executive Session.

Stephen M. Mathis, President